

The Impacts of Public Investment in the State Care Infrastructure*

Executive Summary

- Modeling a \$775 billion national investment in care—childcare, residential care, and home health care— distributed across eighteen states (for a total of \$225.5 billion) creates 5.3 million jobs at current compensation levels.
- Such an investment has multiple economic effects: it creates millions of new care jobs and jobs throughout the rest of the economy, as family caregivers (disproportionately women) return to the labor force, and as the care workforce spends money on goods and services, creating new jobs in sectors like retail and food service.
- The average cost per job is \$43,686.
- The care workforce in these states currently totals 1.7 million, is 87 percent female, and disproportionately women of color.
- Median hourly wages are extremely low: they average \$13.09 across the occupations of childcare, nursing assistants, and home health care and personal care aides.

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The Covid-19 pandemic has exposed just how fragile America's care infrastructure is, and that without high-quality and affordable care for family members, women will drop out of the labor force in large numbers. Women's overall labor force participation rate fell from 58.3 percent in March 2011 to 56.1 today, and, more recently, cratered to 54.6 percent in April 2020. Across the eighteen states examined in this Research Brief, women's labor force participation fell 3.2 percentage points on average from 2019 to 2020.

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The American Jobs Plan and, likely, the American Family Plan will propose finally bringing the care infrastructure in the United States into the 21st century. The American Jobs Plan proposes an investment of \$400 billion in home health care, which would have several effects: improving access and quality of care for people with disabilities and older Americans who want to age in place; enabling family caregivers to join the labor force or increase working hours; and valuing home health care with family-supporting compensation, which will in turn enable health care workers to spend money on goods and services throughout the economy, creating more jobs. Though the American Family Plan has not yet been released, the Biden-Harris administration has previously proposed major investments in the childcare sector, which received funds to stop its free fall in the American Rescue Plan. Previous research analyzed the impact of a \$775 billion investment over ten years, as had been proposed by the Biden-Harris Presidential campaign. “[It’s Time to Care](#),” co-authored by myself and Rakeen Mabud, found that such an investment would create 22.5 million jobs over ten years.

This Research Brief analyzes the impact of public investment in non-institutional care sectors—childcare, residential care, and home health care—to analyze the potential effects on job creation in specific states around the country¹. Investing in the paid care workforce not only stabilizes care and employment for family caregivers, but as the paid care workforce spends its earnings on goods and services, the increase in economic activity creates new employment opportunities in non-care sectors like retail and food service.

The approach here uses Bureau of Economic Analysis input-output tables to estimate the effects of public investment in three non-institutional care sectors: childcare, residential care, and home health care. The analysis produces an estimate of the increase in employment in the direct care

¹ The states analyzed are: AK, AZ, CO, DE, GA, ME, MI, MO, MT, NH, NC, NV, OH, OR, PA, VA, WI, WV.

workforce and the induced employment creates through the economic activity of the care workforce. This produces the total job creation figures. The analysis models an investment of \$775 billion split across the three sectors, split between states based on their proportion of [child care relief funding](#) from the American Rescue Plan. For the 18 states examined, their proportion of a national commitment of \$775 billion is approximately \$225.5 billion. **This produces 5,328,538 new jobs, assuming current levels of compensation.** The cost per job ranges from \$38,674 in Georgia to \$51,194 in Alaska, with an average value of \$43,685.

It is, of course, critical that current poverty-level wages increase for the entire care workforce, which will be the subject of future research. (For detailed analyses of the positive impacts of raising wages for the care workforce at the state level, see “[The Case for Public Investment in Higher Pay for NYS Home Care Workers](#),” Jabola-Carlous, Luce, and Milkman 2021, and “[Making Care Work Pay](#),” Weller, Almeida, Cohen and Stone 2020).

State-specific findings are presented in this table:

[Analysis of State Care Infrastructure Investments](#)

The current care workforce (specifically the occupations of childcare workers, home health care and personal care aides, and nursing assistants) in these eighteen states totals 1,736,471, of which eighty-seven percent are female. People of color are disproportionately represented relative to state population in the care workforce, though there is a wide range from seven percent in New Hampshire to sixty-one percent in Georgia and Virginia.

Wages are extremely low for the care workforce, based in the structural racism and sexism that has consigned care work as “women’s work,” and disproportionately work by women of color that is not seen as economically valuable. When looking at median hourly wages, meaning fifty percent of

wages are below and fifty percent are above, the average across the states is \$13.09, ranging from a median hourly wage of \$10.93 in West Virginia to \$16.67 in Alaska.

The Biden-Harris Administration is demonstrating that it understands that care work is job-enabling work—and that care work must, finally, be respected as economically valuable, and compensated as such. Private market activity will never appropriately organize care work so that it is well-com-

pensated and affordable. This commitment from the federal government will have positive effects on the lives of those being cared for, care workers and their families, and the broader economy as family caregivers can seek paid employment, and care workers increase their own economic activity, creating more jobs. Though care work should be valued for reasons beyond its economic impacts alone, the analysis here shows that investing in the care infrastructure will have substantial positive benefits for the American workforce.

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